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CENTRAL INTELLIGENCE AGENCY

## INFORMATION REPORT

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1. New Russian Orders Expected at the VEB Metallweberei, Neustadt/Orla (Tewa-Neustadt).

After the old Russian orders had been completed by the beginning of 1953, the plant suffered a severe economic crisis. The deficit for 1953 was announced as 4,000,000 eastmarks. The situation was gradually improved, partly by converting to the production of coarse mesh and partly by deliveries to individual firms the appropriate DHZ and export orders. Important new Russian orders are however expected in Tewa-Neustadt for April 1954; the following seven indications point to the arrival of such orders and are the evidence for the expectation:

- a. The fine wire looms of the Eilhauer firm were slated for scrapping and were booked for such in the inventory of 31 December 1953. In the last week of January 1954, this order was cancelled.
- b. On 11/12 February 1954, Maximilian Alletsee and Schuhknecht were ordered to Berlin. This is regarded as unusual because the appropriate Ministry is now in Karl-Marx-Stadt. On 10 February 1954, the plant trade union chairman, Heinz Hohl, stated in the plant that this journey was of great importance to the future production of the plant. After the return of these two men from Berlin on 15 February 1954, there was general talk in the office of Tewa-Neustadt that there would be work on Russian orders beginning 1 April 1954.
- c. On 16 February 1954, Stesnov appeared again in the plant for the first time for about 18 months. He held a conference with Alletsee, Schuhknecht, Hein, Machts, and others, from about 0800-1230 hours. The Germans who attended the conference with Stesnov were very hopeful afterward. Machts said that the tests would not be so severe this time as they had been previously.
- d. On 18 February 1954, the chief of the staff section and the party secretary appeared to be very pleased that no precise details of the new orders had

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leaked out from the office into the main plant.

- e. On 18 February 1954, Buettner, Alletsee's chauffeur, stated in conversation that on the previous day Alletsee and Schuhknecht had been in Leipzig for a plant directors' conference. On this occasion they had requisitioned from the pertinent DHZ all available supplies of Lamellenbandstahl for weaving combs. They had a document authorizing them to do this. Alletsee further hinted to Buettner that the days of high wages (700-800 eastmarks a month) were coming again, and that all weavers would be taken back into their true profession, i.e., that Buettner would also be employed again in the weaving shop.
- f. In the office at Tewa-Neustadt the 1954 plant plans for Neustadt, Graefenthal, Zeulenroda, and Pausa should have been prepared by 20 January 1954. However, they were not ready until about 10 February 1954; at that time no Russian orders were included. On 17 February 1954, the chief bookkeeper, Franke, said "We shall have to alter all the plans".
- g. Buettner, mentioned above, also said at an unspecified time that Neustadt would specialize in fine mesh and glass fiber mesh, while Graefenthal and Zeulenroda would take over the production of medium and coarse mesh.

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